

Division(s): N/A

**PERFORMANCE SCRUTINY COMMITTEE
13 December 2018**

**Service & Resource Planning
2019/20 to 2022/23**

Report by the Chief Finance Officer

Recommendation

1. **The Committee is RECOMMENDED to consider and comment on the revenue pressures and savings proposals.**

Introduction

2. This report is one in the series on the Service & Resource Planning process for 2019/20 to 2022/23, providing councillors with information on budget issues for 2019/20 and the medium term. This report presents the latest identified pressures and proposed savings for 2019/20 and the medium term as well as key points arising from the Autumn Budget announced on 29 October 2018.
3. The attached annexes comprise of the Cabinet report which will be presented on 18 December 2018. The Performance Scrutiny Committee is invited to consider the new latest identified pressures and proposed savings and, taking account of the overarching service and community impact assessment, to comment on the proposals. The Committee will have an opportunity to comment on the capital programme, treasury management strategy and the review of charges at its meeting on 10 January 2019.
4. These comments will be taken into consideration by Cabinet in finalising its budget proposals which will be set out in the report to Cabinet on 22 January 2019, when the Cabinet will propose its 2019/20 revenue budget, 2019/20 – 2022/23 Medium Term Financial Plan and Capital Programme to 2028/29.
5. The following annexes are attached to this report:

Annex 1: Service & Resource Planning Report 2019/20 to 2022/23 to Cabinet on 18 December 2018

Pressures & Savings Proposals

Pressures

6. In addition to the pressures and investments included in the existing MTFP, there are new Service and Corporate pressures totalling £61.9m for the period 2019/20 to 2022/23 as shown in the table below.

Service Area	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Children's Services	10.2	5.0	3.9	5.2	24.3
Adult Services	7.0	1.3	1.6	7.2	17.1
Communities	5.0	1.2	0.2	1.0	7.4
Corporate Measures	3.8	0.7	1.0	7.6	13.1
TOTAL NEW PRESSURES	26.0	8.2	6.7	21.0	61.9
Total Pressures in Existing MTFP	7.3	4.5	-0.3		11.5
TOTAL PRESSURES	33.3	12.7	6.4	21.0	73.4

Savings

7. Service and corporate savings proposals of £22.2m have been identified over the period 2019/20 to 2022/23. A summary by service is shown in the following table:

Service Area	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Children's Services	0.8	-1.4	-1.1	-0.7	-2.4
Adult Services	-5.5	-2.2	-0.5	0.0	-8.2
Communities	-3.4	-1.2	-0.7	-1.0	-6.3
Corporate Measures	-9.8	17.7	4.1	-17.3	-5.3
TOTAL NEW SAVINGS	-17.9	12.9	1.8	-19.0	-22.2
Total Savings in Existing MTFP	-7.3	-4.5	-7.5		-19.3
TOTAL SAVINGS	-25.2	8.4	-5.7	-19.0	-41.5

Overall Position

8. The table below shows that currently there is a remaining net pressure of £8.1m in 2019/20, £21.1m in 2020/21, £8.5m in 2021/22 and £2.0m in 2022/23, giving a total net pressure of £39.7m over the medium term.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	TOTAL £m
Pressures	26.0	8.2	6.7	21.0	61.9
Savings	-17.9	12.9	1.8	-19.0	-22.2
Net Pressure (+)/Saving (-)	8.1	21.1	8.5	2.0	39.7

2019/20 Position

9. The Council is awaiting the outcome of the Provisional Local Government Finance Settlement and final information from district councils before addressing this position in order that a balanced budget can be set on 12 February 2019. At this stage, it is anticipated that, the net pressure in 2019/20 will be met in part, on a one-off basis, by the use of reserves and balances.

2020/21 Position

10. The assumptions for the level of government funding received following the Local Government Finance reforms in 2020/21 are moderately pessimistic. Assumptions include the loss of all growth in business rates since 2013/14; the fallout of the additional social care grant and firefighters pension grant; and the fallout of the negative RSG amount that is being reinstated for 2019/20. Government ministers have given indications that Local Government funding is going to increase by at least the rate of inflation during the next spending review period. As a result, current funding assumptions are being reviewed and will be presented in the January Cabinet report. At this stage it is estimated that the shortfall in 2020/21 may reduce to circa £9m.

2021/22 Position

11. The current MTFP includes £7.9m of funding not allocated in 2021/22. Once the implications of the finance reforms are clear, a decision will be taken on how this should be utilised.

Next Steps

12. The comments from this Committee on the budget proposals will be fed back to the Cabinet for it to take into consideration when proposing its revenue budget for 2019/20 and MTFP to 2022/23 MTFP on 22 January 2019.
13. The Council will meet to set the budget and council tax requirement for 2019/20 on 12 February 2019.

Financial and Legal Implications

14. This report is mostly concerned with finance and the implications are set out in the main body of the report.

RECOMMENDATION

- 15. The Committee is RECOMMENDED to consider and comment on the revenue pressures and savings proposals.**

LORNA BAXTER
Chief Finance Officer

Contact Officers:

Katy Jurczynszyn: Strategic Finance Manager (Financial Strategy & Monitoring)
(Tel: 07584 909518)

December 2018